UNITED STATES DISTRICT COURT

EASTERN DISTRICT OF MICHIGAN

STARDOCK SYSTEMS, INC., a

Michigan corporation,

Plaintiff,

VS.

JUDGE : Rosen, Gerald E.

DECK : S. Division Civil Deck : 02/17/2005 @ 16:25:49

CASE NUMBER : 2:05CV70646 CMP STARDOCK SYSTEMS V. TGT SOFT

CORP (KC)

TGT SOFT CORPORATION, a

Foreign corporation,

Defendant.

R. BRADLEY LAMBERT PLC R. Bradley Lambert (P34587)

By: Attorneys for Plaintiff

36330 Woodward Ave., Suite 300

Bloomfield Hills, MI 48304

(248) 642-7774

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COMPLAINT

PLAINTIFF STARDOCK SYSTEMS, INC., by its attorneys, R. BRADLEY LAMBERT PLC states its Complaint against Defendant as follows:

Jurisdictional Allegations (Incorporated in Each Count)

- Plaintiff Stardock Systems, Inc. ("Stardock") is a duly organized and existing 1. Michigan corporation, in good standing and operating under the laws of the State of Michigan, with its offices located in Livonia, Wayne County, Michigan.
- Defendant TGT Soft Corporation ("TGT Soft") is an Arizona corporation, with its 2. principal offices located in New Orleans, LA. TGT Soft conducts commercial activities in the State of Michigan, including but not limited to the publishing of its interactive web site for the benefit of

Michigan residents, the sale of its products to Michigan residents, and the deliberate marketing and distribution of its products to Michigan residents.

3. This Court has jurisdiction due to the federal questions raised in this controversy.

Common Allegations (Incorporated in Each Count)

- 4. Stardock's primary business is to develop, publish and distribute computer programs for computers using the Windows XP or earlier operating programs.
- 5. Stardock is generally recognized in the industry as a leading source of programs that enhance the "look and feel" of the familiar standard Windows desktop, through products such as its Object Desktop collection of programs that enable the computer user to change the background (generally known as "skins"), icons and other visual effects displayed on the Windows desktop to a variety of designs that are personalized to the taste of the user.
- 6. Stardock makes a program called CursorXP™ that enables users to upgrade their Windows mouse cursors to use a Stardock developed mouse cursor format that supports much higher quality mouse cursor "themes".
- 7. For the past several years, Stardock has invested substantial sums designing, promoting and supporting its software program generally known as Stardock CursorXPTM.
- 8. Stardock owns Stardock CursorXPTM, and all legal rights pertaining to that program and its files.
- 9. Stardock's developmental and design work for Stardock CursorXP™ included the laborious process of making the product compatible with the most popular computer operating system, Windows XP, and the immediately previous version, Windows 2000.
- 10. The Stardock CursorXPTM program takes advantage of the new and sophisticated

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visual effects features of Windows XP and Windows 2000 operating systems to create the graphically superior mouse cursors.

- 11. The Stardock CursorXPTM program uses a file format developed by Stardock called the .CurXPTheme format. This format supports the creation of mouse cursors that are visually of much better quality than the mouse cursors found in Microsoft Windows by default.
- 12. Stardock customers who use the Stardock CursorXPTM program can download mouse cursors in the CursorXP mouse cursor format from many websites. However, most mouse cursors made the CursorXP format (.CurXPTheme) are downloaded from the website, WinCustomize.com, a site owned, paid for and operated by Stardock.
- 13. The Stardock CursorXPTM program includes more than a dozen cursor options for customizing the size, color and behavior of mouse cursors.
- 14. The Stardock CursorXP™ program is recognized by Windows users as the leading programs for customized cursor design.
- 15. Stardock sells Stardock CursorXPTM for \$10 from a web site operated by Stardock Systems, Inc. at www.Stardock.com (the "Stardock Web Site").
- 16. Other companies compete with Stardock's products by developing their own formats for their programs.
- 17. On or about January 14, 2005, TGT Soft issued an announcement on its web site that it intended to issue update 3.0 to its Style XP software program that would enable customers to update their Style XP program to include a new feature, the ability to generate custom cursors TGT Soft refers to as ".cursorXP file format" that is now supported through its product IconTranslate.
 - 18. Approximately two weeks later, TGT Soft followed this general announcement by

issuing this supposedly new feature to its Style XP software.

- 19. TGT Soft's new "feature" is simply the ability to convert Stardock CursorXPTM mouse cursors into the standard Microsoft Windows mouse cursor format with corresponding loss of visual quality.
- 20. TGT Soft's reference to the ".cursorXP file format" causes the substantial likelihood that its customers believe that Style XP actually directly uses the CursorXPTM file format rather than simply converting the mouse cursors to the Microsoft mouse cursor format that does not offer the same enhanced visual quality as the CursorXPTM file format.
- 21. TGT Soft repeatedly refers to the ".CursorXP" file format without mentioning that the name "CursorXP" is a trademark of Stardock.
- 22. In fact, no mention of Stardock is included with TGT Soft's announcements. TGT Soft treats Stardock's valuable trade name as if it were a generic term.
- 23. The only apparent substantive addition to the Style XP program found within its new version 3.0 is the ability to use Stardock CursorXPTM mouse cursors (after it converts them to the Microsoft mouse cursor format) in its software.
- 24. The Style XP 3.0 program converts the Stardock CursorXPTM mouse cursors to the Microsoft mouse cursor format (which does not offer the same enhanced visual quality) in a manner that is generally not observed by the ordinary user using ordinary care, giving the user the false impression that the Style XP 3.0 program provides the same value to the user as Stardock's CursorXPTM program.
- 25. TGT Soft sells its Style XP 3.0 version to new customers for a price, or allows customers who have purchased an earlier Style XP program within the previous 12 months to

upgrade to the new version free.

- 26. Stardock's proprietary mouse cursor files are used as part of Style XP 3.0 without any attribution to Stardock, or payment of a licensing fee.
- 27. TGT Soft customers are simply enabled to acquire and use content that was designed specifically for use for Stardock CursorXPTM as part of the Style XP 3.0 package.
- 28. TGT Soft leverages the popularity of Stardock CursorXPTM, and the hard work and investment of Stardock put into that program, and uses Stardock's very work to compete directly against Stardock's Object Desktop and Stardock CursorXPTM computer programs.
- 29. TGT Soft's misuse and misappropriation of Stardock CursorXPTM content is the second time in as many years that TGT Soft has copied and taken a Stardock files as its own without first paying any licensing fee or otherwise obtaining permission for such misuse.
- 30. TGT Soft's appropriation of Stardock's valuable IconPackager files and intellectual property was litigated and settled shortly thereafter.
- 31. Stardock is thus justifiably concerned that TGT Soft is pursuing a deceptive business model under which it copies and/or converts Stardock's files for use in its own products in order to compete against Stardock without having to invest the time, money, and effort to create the content and support in the first place.

COUNT I UNFAIR COMPETITION

32. Michigan law prohibits TGT Soft from simulating, for the purpose of deceiving the public, the name, symbols, or devices employed by Stardock, or the substitution of the goods or wares of one person for those of Stardock, thus falsely inducing the purchase of TGT Soft products and thereby obtaining the benefits properly belonging to Stardock. Such activity is treated as Stardock TGT Complaint

actionable unfair competition in this state.

- 33. TGT Soft and Stardock are competitors, including in the industry of producing and promoting custom software such as Stardock CursorXPTM and Style XP 3.0.
- 34. TGT Soft has violated Michigan unfair competition law by wrongfully misappropriating and using Stardock's intellectual property without authorization and then using that intellectual property to compete against Stardock with it.
- 35. TGT Soft's conversion of Stardock's intellectual property Stardock CursorXPTM for its own commercial purposes misleads the public and causes Stardock to lose trade from its valuable intellectual property as a result of such misleading acts.
- 36. TGT Soft's unauthorized misuse of the Stardock CursorXPTM program without authority from Stardock and in a manner that creates inferior graphics that denigrates the public's opinion of the program's quality injures the reputation and good will of Stardock.
- 37. TGT Soft's acts of unfair competition have caused Stardock to lose trade and business, and loss of reputation, in amounts yet undetermined which are in fact difficult to discern.

COUNT II TRADEMARK INFRINGEMENT

- 38. Stardock properly gives notice of its trademark Stardock CursorXPTM in the sale and distribution of the software program developed under that name.
- 39. The trademark Stardock CursorXPTM is or has acquired distinctiveness so as to be protected under 15 U.S.C. § 1125(a).
- 40. TGT Soft's reference to ".cursorxp" files without attributing that name to Stardock CursorXPTM is likely to cause confusion amongst buyers using ordinary care.
- 41. Deception of the buying public is the "natural and probable result of TGT Soft's acts

 Stardock TGT Complaint 6

of using the term ".cursorxp files" as if it were a generic term, and engaging in the other deceptive practices described in this Complaint.

42. TGT Soft's deceptive use of the Stardock CursorXPTM program name in its product is likely to and has caused Stardock lost trade and business, and loss of reputation, in amounts yet undetermined and difficult to discern.

COUNT III <u>FALSE DESIGNATION OF ORIGIN</u>

- 43. Section 43(a) of the Lanham Act, 15 USCS § 1125, bars any person from using "any word, term, name, symbol, or device, or any combination thereof" in a manner likely to "cause confusion as to the origin, sponsorship or approval of his or her goods," to "deceive as to the affiliation, connection, or association of such person with another person," or "to misrepresent in commercial advertising or promotion" the nature or quality of his or another person's goods.
- 44. Any person violating Section 43(a) of the Lanham Act is liable in damages for violation of the Act.
- 45. TGT Soft violates Section 43(a) of the Lanham Act by appropriating Stardock's intellectual property for its own use and promotion to its customers, under conditions designed to confuse users as to the true origin of such products, and Stardock's rights in and to the files and intellectual property misappropriated and promoted by TGT Soft.
- 46. Dimitri has caused TGT Soft to engage in the ongoing violation of the Lanham Act, and, upon information and belief, has authorized the use of his equipment and property to continue the continuous ongoing violation.
- 47. TGT Soft's violations of Section 43(a) of the Lanham Act have caused Stardock damages they are entitled to recover under the Act, and also untold damages largely beyond Stardock TGT Complaint

measurement and compensation in damages, which activity should be enjoined. Stardock is entitled to its actual damages or statutory damages, whichever is higher, Counter-Defendants' profits from the falsely designated origin of its products, and actual attorneys fees, under 15 USCS § 1117.

COUNT IV COMMON LAW TRADEMARK

- 48. Stardock properly gives notice of its trademark Stardock CursorXP™ in the sale and distribution of the software program developed under that name.
- 49. The trademark Stardock CursorXP™ is or has acquired distinctiveness so as to be protected as a trademark under common law.
- 50. TGT Soft's reference to ".cursorxp" files without attributing that name to Stardock CursorXPTM is likely to cause confusion amongst buyers using ordinary care.
- 51. Deception of the buying public is the "natural and probable result of TGT Soft's acts of using the term ".cursorxp files" as if it were a generic term, and engaging in the other deceptive practices described in this Complaint.
- 52. TGT Soft's deceptive use of the Stardock CursorXP™ program name in its product is likely to and has caused Stardock lost trade and business, and loss of reputation, in amounts yet undetermined and difficult to discern.

COUNT V INJUNCTIVE RELIEF

53. Stardock will suffer irreparable harm unless TGT Soft is barred from misappropriating the Stardock CursorXPTM content, infringing Stardock's trademark, causing confusion as to the origin of Stardock's products, and wrongfully converting the Stardock CursorXPTM content to its own use to compete against Stardock with it.

54. The irreparable harm suffered by Stardock from its immediate and irreversible loss of

its property rights greatly outweighs the potential harm to TGT Soft, which needs only to fairly and

fully develop its own mouse cursor format and content under an appropriate distinct name to fairly

compete with Stardock in the relevant marketplace.

55. The public interest will benefit from an injunctive order that reinforces the valuable

property rights of Stardock earned through its investment and labor.

56. Stardock's remedy at law is inadequate. If Stardock is not granted the requested

injunctive relief, its valuable intellectual property rights will be diminished and diluted by TGT

Soft's illegal activities, in a manner largely beyond measurement and compensation in damages.

57. Stardock is entitled to the injunctive relief it seeks to preserve its valuable products

and intellectual property from piracy and conversion that is largely untraceable on the Internet.

WHEREFORE, Stardock respectfully request that this Honorable Court grant Stardock a

Judgment in an amount that can be proven or is appropriate for such an award, enter a Permanent

Injunction after trial or other proceeding enjoining TGT Soft from misappropriating the Stardock

CursorXP™ file format and making use of Stardock trademarks without appropriate attribution, and

grant Stardock such other relief as is just and equitable, including statutory costs, interest and fees.

Respectfully Submitted,

R. BRADŁEX LAMBERT PLC

R. BRADLEY LAMBERT (P34587)

Attorneys for Plaintiff

Dated: February 17, 2005

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CIVIL COVER SHEET

The JS 44 civil cover sheet and the information contained herein neither replace nor supplement the filing and service of locations rooms paper at result they at a service by local rules of court. This form, approved by the Judicial Conference of the United States in September 1974, is required for the use of the Court in Law or of initiating the civil docket sheet. (SEE INSTRUCTIONS ON THE REVERSE OF THE FORM.)

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SUANT TO LOCAL RULE 83.11

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